improperly (resulting in poor service quality) or disrupted without warning or explanation. One example of an ACSI customer affected by such provisioning problems involves a restaurant chain with a total of five locations in Columbus, Georgia. The restaurants take orders by phone, and have a substantial volume of take-out business during the dinner hour. On Friday, February 21, 1997, just prior to the start of the dinner hour, service to the restaurants was disconnected without warning or explanation, causing them to lose their customary take-out service orders. Service was disconnected at all five locations for approximately two hours. Shortly after the unexpected service disconnection, the restaurant chain terminated service with ACSI and returned its business to BellSouth.

36. A second example involved an insurance firm in Georgia. Service to this customer, which also suffered disruptions during its initial ULL installation, was disconnected on the evening of Friday, February 21, 1997. Again, neither ACSI nor the customer received any warning that the disruption would occur, nor were they given any explanation at the time as to the cause of the problem. This disconnection was particularly disruptive because the customer regularly receives faxes from its home office on Friday evenings. Thus, the disconnection prevented the customer from receiving those faxes on that Friday. As a result of the disconnection, the customer terminated service with ACSI and returned its business to BellSouth.

37. Yet another example demonstrating BellSouth's post-cutover provisioning problems involved a Georgia retailer. This customer had its service disconnected on February 24, 1997. Service was disconnected in the late afternoon and was restored within

an hour only after aggressive efforts by ACSI employees to restore service promptly. BellSouth has admitted that this disruption was the result of an error by a BellSouth employee.

38. BellSouth's provisioning problems extend beyond Georgia and are not limited to ULL installation. One likely reason for this is that CLECs are served by the same BellSouth LCSC, regardless of the BellSouth state in which the provisioning takes place. For example, ACSI's orders are processed by the Birmingham LCSC, regardless of whether they are for ULLs in Georgia or interconnection in South Carolina. For example, one of ACSI's interconnection trunks in Birmingham, Alabama was installed with the wrong line signalling. This BellSouth provisioning error caused service quality problems for ACSI's customers, including noise, clicks and cutoffs. Significantly, it also decreased modem speeds on lines served by the trunks, which is a key service requirement for many of ACSI's ISP customers. When BellSouth attempted to solve the problem by provisioning a redesigned trunk, ACSI's service was significantly disrupted for one and one-half hours. During this period, ACSI's customers could not make calls to any number served off the Homewood tandem in the Homewood section of Birmingham.

39. Customers in several states in the BellSouth region also have complained of excessive volume losses on lines provisioned to ACSI by BellSouth. ACSI has experienced this problem in Georgia, Kentucky and Alabama. Upon investigation it has been determined that the volume loss is the result of a BellSouth decision to engineer the line with up to an 8

decibel volume loss. As a result, ACSI receives inferior service, which has caused ACSI to lose customers.

40. BellSouth's INP provisioning also has been beset with errors. ACSI has experienced acute problems with INP that have led to lengthy service disruptions across roughly 90 percent of ACSI's customer base in Georgia. On several occasions, ACSI customers suddenly had their number portability terminated and, as a result, incoming calls received false busy signals. ACSI first experienced this problem on April 21, 1997, during an attempt to port four lines for an ACSI customer. INP was delayed for approximately one hour while BellSouth attempted to resolve undisclosed provisioning problems. Two days later, on April 23, 1997, ACSI was deluged with calls from across its customer base reporting that, although they could make outgoing calls (as they did to complain to ACSI), all incoming calls were receiving a busy signal. This outage occurred for approximately one and one-half hours. One month later, on May 22, 1997, ACSI again began receiving reports of "false busies" and customers' inability to receive incoming calls. This time, it took BellSouth approximately two hours to correct the problems.

41. As explained by BellSouth in lengthy discussions with ACSI, these outages emanated from BellSouth employee miscues in setting the Simulated Facilities Group ("SFG") parameters in its Columbus, Georgia Main 1AESS switch. BellSouth explained that SFG is a required field in its switch translator programming that is needed to establish remote call forwarding (BellSouth's interim INP method). The SFG field tells the switch how many incoming paths are allowed to be ported to a particular telephone number.

According to BellSouth, the Columbus, Georgia Main 1AESS switch has an upper limit of 256 SFGs per switch, although BellSouth apparently reset it to be "unlimited". The April 23 outage occurred when a BellSouth employee reset the SFG to zero, making it impossible for ACSI customers to receive incoming calls. Then, the outage re-occurred on May 22 when a BellSouth employee again inexplicably reset the SFG, this time to 10 (meaning that only 10 ported numbers could be accommodated off that switch).

42. The cumulative effect of BellSouth's provisioning problems is illustrated by ACSI's experience with a Georgia auto parts dealer. The customer had a total of eight locations, served by 37 access lines and had agreed to switch to ACSI, with nine lines to be served by ULLs and the remaining 28 served via resale. BellSouth initially failed to provide due dates for provisioning these lines, forcing ACSI to escalate the matter with BellSouth. When BellSouth finally provisioned the order, lines for two locations were crossed, causing considerable confusion and disrupting the customer's business. Shortly thereafter, the customer (along with nearly all of ACSI's customers in Columbus, Georgia) experienced false busy signals as a result of BellSouth's number portability errors. Understandably frustrated by these problems, the customer attempted to return to BellSouth, but reversed its decision when BellSouth made several unsuccessful attempts to re-provision BellSouth local service. ACSI agreed to intervene on the customer's behalf, and the customer agreed to continue using ACSI's service. Nevertheless, the customer continued to experience other service disruptions caused by BellSouth. As a result of BellSouth's continuing and long-term provisioning problems, the customer finally switched from ACSI back to BellSouth.

43. Although ACSI has not yet ordered ULLs in South Carolina, ACSI has been reselling local exchange service in South Carolina since April 1997. ACSI's experience in South Carolina and elsewhere in BellSouth territory shows that resale orders take as long as 14 days for the simplest orders and often as long as 20-30 days for more complex ones. This is far longer than is acceptable in a competitive environment. In addition, ACSI's experience in ordering BellSouth's wholesale products parallels the problems documented above with respect to BellSouth's provisioning of ULLs and INP. The following experiences, all of which occurred in South Carolina, demonstrate that BellSouth is incapable of providing resale services to ACSI at parity with its own retail operations.

44. On June 23, 1997, ACSI placed an order for two new ISDN lines on behalf of a customer in Columbia, South Carolina. ACSI received a clarification request on July 24 — one month after the order was placed — regarding the directory listing aspect of the order. Not having received a commitment on an installation date for the ISDN lines, ACSI escalated the situation on August 24 and was able to receive an installation date from BellSouth. However, service was not established until September 2, over two months after the order was submitted. BellSouth also mishandled another ACSI order involving the same customer. Those BellSouth miscues resulted in its fulfillment of that order nearly two months after it originally was submitted.

45. In other South Carolina instances, ACSI has lost customers due to BellSouth's refusal to provide ACSI with installation commitment dates at parity with those it provides to its own resale operations. For example, ACSI promised a 25 business day installation

interval (based on the standard time-frame BellSouth in which had been fulfilling ACSI orders) to a prospective Greenville customer that wanted to order two ISDN PRI lines from ACSI. Subsequently, a BellSouth representative contacted the customer and promised installation of the same two ISDN lines in only 10 business days. Not surprisingly, the customer remained with BellSouth due to the shorter installation interval that BellSouth could promise and provide for itself.

46. In South Carolina, ACSI also already has experienced several instances in which BellSouth has delayed providing ACSI with installation dates, while, at the same time, it solicited ACSI's new customers with promises that BellSouth could provide installation more quickly.

47. OSS provisioning also has been problematic. ACSI believes that BellSouth's electronic OSS interfaces must be fully developed and capable of supporting entry by *both* resale and facilities-based competitors prior to its receiving authority to enter the in-region interLATA market. In order to compete effectively on a facilities-based basis, ACSI must have access to a proven electronic interface capable of handling large volumes of ULL orders in a nondiscriminatory manner. DOJ also has concluded that checklist compliance requires automated support systems.[15] BellSouth has yet to provide such an interface. Indeed, it remains the case that only initial ordering of ULLs is electronic at this time. BellSouth claims that "[m]echanized service generation for unbundled loops, ports, and interim number

[15] *DOJ Evaluation of SBC's Oklahoma Section 271 Application*, at 28.

portability has been tested and is *available to CLECs as of October 6, 1997.*"[16] Given that the effective date of this offering post-dates the filing of BellSouth's Application, ACSI believes that it amounts to nothing more than a promise of future performance that has no substantive bearing on the determinations that must be made in this proceeding.[17] As it currently stands, ACSI submits an electronic order to BellSouth, and BellSouth responds with an electronic FOC. All other functions, including keying the entry into BellSouth's legacy systems, pre-ordering, order tracking, billing, and repair and maintenance are handled manually. Thus, regardless of what BellSouth OSS interface is used, the functionality offered is hardly better than if the orders were submitted via facsimile or e-mail.

48. BellSouth's continuing reliance on manual intervention for the ordering of ULLs and other checklist items does not result in the reliable, nondiscriminatory provisioning of OSS necessary to provide competitors with a meaningful opportunity to compete.[18] Manual intervention simply results in error rates that are too high and ordering capacity that is too low to support competitive local entry. Conceding this shortcoming, BellSouth is in the process of developing and making available its LENS and EDI interfaces. However, these systems are in limited use and have not been sufficiently tested to ensure that they will provide the necessary functionalities in a commercial setting. Moreover, these systems currently have little or no capability to support the provisioning of ULLs, INP and other

[16] *BellSouth Brief*, at 28 (emphasis added).

[17] *See, Ameritech Michigan Order*, ¶ 55.

[18] *See, DOJ Evaluation of SBC-Oklahoma*, at 27.

checklist items. Indeed, BellSouth admits that as of the Application date, it was unable to perform mechanized service generation for ULLs, ports and INP.[19] Thus, as with other critical interconnection arrangements, BellSouth must demonstrate proven performance and not just paper promises in order to comply with the Section 271 checklist requirement that access to OSS be provided on a nondiscriminatory basis.

49. The ACSI/BellSouth Interconnection Agreement is replete with guarantees that BellSouth will provide local interconnection and UNEs at service levels that are at "parity" with services and facilities provided by BellSouth to itself or its end-users. While such general warranties are very important, they are extremely difficult to enforce in the absence of detailed statistical information comparing BellSouth's performance for itself as compared to the actual service levels provided to interconnectors. When ACSI negotiated its interconnection agreement with BellSouth in July 1996, BellSouth steadfastly refused to share such performance monitoring and measurement information with ACSI. Responding to outcries from the industry generally, BellSouth has more recently expressed a willingness to provide limited performance measurement data. However, in ACSI's view, BellSouth's proposal falls far short of that necessary to measure true "parity" in service levels.

50. Specifically, ACSI has asked BellSouth to correct four glaring deficiencies in its performance reporting. First, ACSI asked BellSouth to report statistics on a city or end office basis rather than an averaged statewide basis. Since ACSI competes with BellSouth in specific urban areas, it is important to know how BellSouth serves customers in those areas

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[19] *BellSouth Brief*, at 28.

as opposed to more rural areas where it does not face competitive pressure. Second, ACSI asked BellSouth to report ULL installation data separately for business versus residential customers. ACSI understands that BellSouth applies different performance objectives for itself in these market segments. BellSouth already reports resale statistics separately for the business and residential market segments.[20] And, it is important that its aggressive business service targets not be watered down by residential statistics. Third, ACSI asked BellSouth to report the number of minutes it takes to perform customer cutovers. BellSouth's current practice of reporting "due dates" met provides no meaningful information as to whether customers were cutover in accordance with the 5-minute requirement of the ACSI/BellSouth Interconnection Agreement. Fourth, ACSI requested that BellSouth provide reports that make it possible to compare BellSouth's success in installing ULLs to its experience in turning up new lines for its own end-users. Since the ULL is the key UNE provided by BellSouth to ACSI, establishing a statistical point of comparison is essential to ensure service "parity". BellSouth refused — and continues to refuse — each of these requests. Finally, BellSouth generally has refused to provide *actual* intervals for its services to its own end-users, relying upon estimates and targets for those intervals.

51. For a facilities-based CLEC such as ACSI, BellSouth's reluctance to provide meaningful comparative reporting concerning its performance in installing ULLs is cause for particular concern. As discussed earlier, ACSI has experienced great difficulty in having BellSouth install ULLs dependably. Indeed, BellSouth's own auditors confirm that the

[20] *See BellSouth Application, Stacy Performance Aff.*, Exhibit WNS-1.

performance of its LCSCs has been miserable. Nevertheless, even under the proposal made by BellSouth to the Commission in its Application, BellSouth takes the position that it cannot report comparative data on its ULL performance because "BST has no UNEs for comparison."[21] This is hogwash. BST turns up new lines for both new and existing customers every day. The turn-up of such new lines is both the functional and market equivalent of the installation of ULLs for CLECs. From an end-user customer's perspective, certainly, such cutovers amount to the same thing — establishment of service. Thus, it is imperative that parity in performance be monitored. Indeed, there is virtually no other way to ensure that BellSouth is honoring its statutory obligation of nondiscrimination.

52. It is worth noting that no performance reporting has value if it is inaccurate. While BellSouth's affiant Stacy claims that initial measurements demonstrate a parity in performance, that certainly is not consistent with ACSI's experience. Interestingly, the initial statistics provided by BellSouth to ACSI on the installation of ULLs for ACSI do not comport with ACSI's actual experience. Simply put, ACSI's data shows a failure rate much higher than that reported to it by BellSouth. The basic problem is that BellSouth reports an installation as successful if it ultimately is installed on the due date, *regardless* of whether the customer is delayed for hours, put out of service for hours, INP installation is mishandled, etc. Thus, many of the horror stories recounted by ACSI in the preceding section -- which violate the express terms of the ACSI/BellSouth Interconnection Agreement -- would be counted as successful installs in BellSouth's proposed ULL performance measurement

[21] *See BellSouth Application, Stacy Performance Aff.*, Exhibit WNS-3, at 2.

system. This renders the resulting statistics meaningless. ACSI believes that each of these problems must be ironed out *before* the Commission can approve BellSouth's Application.[22]

53. BellSouth has engaged and continues to engage in an alarming array of activities designed to shield itself from competition and hobble its potential competitors. For example, as has been described above, BellSouth has become quite adept at using the time delay caused by its own inability to provide nondiscriminatory OSS access and provision ULLs and INP to engage in anticompetitive practices. In a recent South Carolina example, ACSI could not provide a new customer with an order completion date because BellSouth (1) initially could not provide ACSI with a FOC, (2) then provided one that was more than two months after the original order, (3) then agreed to move the FOC date forward, (4) then missed the FOC date, and (5) then forced ACSI to resubmit the order. Throughout this frustrating delay, a BellSouth representative repeatedly made contact with the customer and tried to derail the switch to ACSI by claiming that BellSouth could offer better options.

54. In other instances, BellSouth's anticompetitive activities are unrelated to its dilatory provisioning tactics, but are no less egregious. For example, in September 1997, ACSI lost a local Mississippi government contract worth more than $125,000 because of a BellSouth representative's false and disparaging comments about ACSI and defamatory comments about its employees. In South Carolina, also in September 1997, an ACSI

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[22] The Georgia Public Service Commission, as a direct result of a complaint filed by ACSI against BellSouth, will be the first state commission in BellSouth's service territory to conduct hearings on performance standards. Direct testimony in that proceeding is due Wednesday, October 22, 1997.

customer was informed by BellSouth that its directory assistance listings were dropped because it no longer was a BellSouth customer. Although listings were restored within a week, this and the previous example show, at the very least, that BellSouth is disturbingly permissive of anticompetitive behavior by its employees and agents.

55. BellSouth also uses a variety of methods to lock-in existing BellSouth local customers and prevent new entrants from freely competing for their business. BellSouth has been aggressively promoting the use of multi-year customer-specific Contract Service Arrangements ("CSAs") where it competes with ACSI for specific business customers. While there may not be anything inherently wrong with CSAs, ACSI believes that, given the extraordinary head start BellSouth enjoys in the switched services market, BellSouth should not be permitted to lock in customers to long-term contracts while local competition is in its infancy.

56. Among the more startling of BellSouth's anticompetitive initiatives is its ongoing campaign to effectively lock CLECs out of major office buildings, office parks, shopping centers and other similar properties. Specifically, BellSouth is enticing property management companies to enter *exclusive* marketing arrangements with BellSouth under which the property managers are paid handsomely for promoting BellSouth's services to tenants of the property, and for refusing to establish similar promotional agreements with CLECs. Under the terms of BellSouth's standard form Property Management Services Agreement, BellSouth obtains access — free-of-charge — to building entrance conduits, equipment room space and riser/horizontal conduits for placement of BellSouth equipment

and other telecommunications facilities needed to serve building tenants. The property manager also commits to designate BellSouth as the local telecommunications "provider of choice" to building tenants and to promote BellSouth as such. In return for the property manager's efforts, BellSouth agrees to establish a "Credit Fund" which the property manager can use itself or distribute to tenants. The Credit Fund is usable to pay for selected BellSouth services (*i.e.*, seminars, nonrecurring installation charges, etc.).

57. This program has at least two anticompetitive effects, largely attributable to the fact that the arrangement is expressly an *exclusive* one. First, because BellSouth is given "free" (no cash payment) access to the building conduit and riser it gains an inherent cost advantage in obtaining the use of these essential facilities. Second, since the property manager must agree to promote BellSouth services exclusively in order to be compensated, BellSouth has created an incentive for property managers to refuse to cooperate with ACSI and other CLECs in promoting and providing services to building tenants.

58. BellSouth's use of exclusive agreements designed to block its potential competitors also has been extended to sales agents. In states across the BellSouth territory, BellSouth has been requiring sales agents to sell BellSouth local services *exclusively*. Indeed, BellSouth's sales agency agreements routinely include provisions that prevent sales agents from selling CLEC services for a year *after* their BellSouth contract is terminated. Thus, if a sales agent wishes to market the services of a competitive provider, the agent first must terminate his or her BellSouth representation and then forego selling competitive services for at least one year to satisfy the non-compete provisions typically found in BellSouth's

exclusive agency agreements. Clearly, this deprives ACSI and other competitors of access to an important sales channel.

59. BellSouth's anticompetitive program also extends to its activities in the carrier customer market. In February 1996, ACSI filed a Formal Complaint with the FCC with reference to the grossly excessive RNRCs that BellSouth imposed on IXCs, attempting to make an ACTL move to ACSI.[23] ACTL moves are required whenever an IXC agrees to switch all or part of its direct trunked access transport services on a given route from BellSouth's network to the network of a competing provider, such as ACSI. Although incumbents typically require the payment of RNRCs to accomplish such ACTL moves, BellSouth's RNRCs are applied inconsistently and have effectively shut ACSI, and all other competitive providers, out of the customer facility market in BellSouth territory.

60. In ACSI's experience, BellSouth has applied the RNRCs for ACTL moves in a manner which prevents IXCs from switching to ACSI transport services. As explained in ACSI's Formal Complaint, the charges imposed on IXCs are not reasonably related to the direct costs incurred by BellSouth in making the ACTL move. Indeed, they are inconsistent with the rates included in BellSouth's interstate access tariff. Even more troubling, the RNRCs imposed by BellSouth for IXC access network reconfigurations to connect to ACSI services routinely far exceed the reconfiguration charges imposed by BellSouth when an IXC orders reconfigurations from one BellSouth service to another.

[23] *See American Communications Services, Inc. v. BellSouth Telecommunications, Inc.*, FCC File No. E-96-20.

61. BellSouth's excessive RNRCs effectively presents carrier customers with three equally unattractive choices: (1) forego reconfiguration; (2) reconfigure with BellSouth so as to avoid or minimize the RNRCs; or (3) switch to ACSI and pay the RNRC costs (or force ACSI to absorb such costs). Indeed, it is often the case that the only way for ACSI to make a reasonable bid to a potential access customer is to include an offer to pay for the significant and unreasonable reconfiguration costs imposed by BellSouth. Unfortunately, this is almost always economically infeasible. For example, ACSI's inability to absorb BellSouth's excessive RNRCs caused one IXC that had agreed to move thirteen (13) DS3 circuits from BellSouth to ACSI to back out of a five-year contract expected to be worth $500,000 in revenues. As a result, ACSI's efforts to convince otherwise ready, willing and able access customers to switch from BellSouth transport services have been stymied.

62. In short, unless BellSouth is made to correct its provisioning shortcomings and cease its anticompetitive activities, South Carolinians will never realize the benefits of local competition. Very few South Carolinians currently have a choice in switched local service providers and those with the choice that do elect to make the switch from BellSouth currently are served via resale. Thus, with local exchange competition in South Carolina clearly in its nascent stages of development, ACSI submits that the public interest requires that the incentive of Section 271 be held in place and that BellSouth's Application be denied.

ACSI Opposition
BellSouth - South Carolina
Affidavit of James C. Falvey
CC Docket No. 97-208
Signature Page

By: James C. Falvey
James C. Falvey
Vice President, Regulatory Affairs
American Communications Services, Inc.
131 National Business Parkway
Suite 100
Annapolis Junction, Maryland 20701

State of Louisiana
Parish of Orleans
Sworn and subscribed to before me
this 20th day of October, 1997

Notary Public

My Commission expires: at death

Dated: October 20, 1997

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AMENDMENT

TO

INTERCONNECTION AGREEMENT BETWEEN ACSI AND BELLSOUTH TELECOMMUNICATIONS DATED JULY 25, 1996

Pursuant to this Agreement (the "Amendment"), American Communications Services, Inc., on behalf of its local exchange operating subsidiaries (collectively "ACSI") and BellSouth Telecommunications, Inc. ("BellSouth") hereinafter referred to collectively as the "Parties" hereby agree to amend that certain Interconnection Agreement between the Parties dated July 25, 1996 ("Interconnection Agreement").

NOW THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ACSI and BellSouth hereby covenant and agree as follows:

1. The Parties agree that BellSouth will provide and ACSI will accept and pay for (1) loops, (2) loop cross-connections and (3) loop channelization in accordance with the schedule of prices set forth in Attachment C-2 to this Amendment which is incorporated herein by reference, in and for the states reflected on Attachment C-2.

2. The Parties agree that the prices reflected herein shall be "trued-up" (up or down) based on final prices either determined by further agreement or by a final order (including any appeals) of the relevant public service commission or other body having jurisdiction over the subject matter of this Amendment, which final order meets the criteria contained in paragraph 4 hereof. The "true-up" will consist of comparing the actual volumes and demand for each item, together with the price associated with such item by this Amendment, with the final prices determined for each item. Each party shall keep its own records upon which a "true-up" can be based and any final payment from one party to the other shall be in an amount agreed upon by the Parties based on such records. In the event of any disagreement as between the records or the Parties regarding the amount of such "true-up", the Parties agree that the body having jurisdiction over the matter for the affected states

shall be called upon to resolve such differences, or that they will submit the matter to commercial arbitration in accordance with the terms contained in Section XXV of the Interconnection Agreement.

3. The Parties agree that they may continue to negotiate as appropriate in an effort to obtain final prices for each of these items, but in the event that no such agreement is reached within six (6) months of this Amendment (which time can be extended by mutual agreement of the Parties) either party may petition the public service commission or other regulatory body of the State whose rates are in dispute to resolve such disputes and to determine final rates for each of the items covered by this Amendment. Alternatively, upon their mutual agreement, the parties may submit the matter to commercial arbitration in accordance with the terms contained in Section XXV of the Interconnection Agreement.

4. Any final order that forms the basis of a "true-up" under this Amendment shall meet the following criteria:

(a) It shall be in a proceeding to which ACSI and BellSouth are entitled to be full parties to the proceeding.

(b) It shall apply the provisions of the Telecommunications Act of 1996, including, but not limited to, Section 252 (d)(1) and all effective implementing rules and regulations; provided that said Act and such regulations are in effect at the time of the final order.

(c) It shall include as an issue the geographic deaveraging of unbundled element rates, which deaveraged rates, if any are required by said final order, shall form the basis of any "true-up."

5. The Parties further agree that the rates for number portability identified in Attachment D to the Interconnection Agreement will be retroactively "trued-up" to the effective date of the Interconnection Agreement in the event that different rates for number portability are established by mutual agreement of the parties, regulatory action, judicial order, or by selection of a lower rate for number portability pursuant to the "most favorable provisions" contained in Section XXII of the Interconnection Agreement.

6. The Parties agree that all of the other provisions of the Interconnection Agreement, dated July 25, 1996, shall remain in full force and effect. Nothing in this Amendment shall in any way limit ACSI's ability to select substitute rates for local loops, loop cross connects, loop channelization, or number portability pursuant to the terms of Section XXII of the Interconnection Agreement relating to "most favorable" treatment.

7. The Parties further agree that either or both of the Parties is authorized to submit this Amendment to the appropriate state public service commission or other regulatory body having jurisdiction over the subject matter of this amendment, for approval subject to Section 252 (e) of the federal Telecommunications Act of 1996.

8. ACSI agrees to withdraw its pending arbitration petitions under the Telecommunications Act of 1996 in all BellSouth states as soon as practical.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their respective duly authorized representatives on the date indicated below.

AMERICAN COMMUNICATIONS SERVICES, INC.	BELLSOUTH TELECOMMUNICATIONS, INC.
By: ______________	BY: Robert C. Scheye
DATE: October 17, 1996	DATE: October 17, 1996

6. The Parties agree that all of the other provisions of the Interconnection Agreement, dated July 25, 1996, shall remain in full force and effect. Nothing in this Amendment shall in any way limit ACSI's ability to select substitute rates for local loops, loop cross connects, loop channelization, or number portability pursuant to the terms of Section XXII of the Interconnection Agreement relating to "most favorable" treatment.

7. The Parties further agree that either or both of the Parties is authorized to submit this Amendment to the appropriate state public service commission or other regulatory body having jurisdiction over the subject matter of this amendment, for approval subject to Section 252 (e) of the federal Telecommunications Act of 1996.

8. ACSI agrees to withdraw its pending arbitration petitions under the Telecommunications Act of 1996 in all BellSouth states as soon as practical.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their respective duly authorized representatives on the date indicated below.

AMERICAN COMMUNICATIONS SERVICES, INC.	BELLSOUTH TELECOMMUNICATIONS, INC.
By:	BY: Robert Scheye
DATE: October 17, 1996	DATE: October 17, 1996

ATTACHMENT C-2

[The chart included below hereby replaces the table included on pages 2-3 of Attachment C-2 to the Interconnection Agreement. The service description contained in Attachment C-2 to the Interconnection Agreement is expressly retained.]

States:	Alabama		Florida		Georgia		Kentucky	
Rate Elements	Monthly	Nonrecurring *	Monthly	Nonrecurring *	Monthly	Nonrecurring *	Monthly	Nonrecurring *
Unbundled Exchange Access Loop **								
2-Wire Analog	$18.00	$55.20	$17.00	$44.80	$17.00	$26.80	$17.00	$58.40
4-Wire Analog	$28.80	$55.20	$27.20	$44.60	$27.20	$25.80	$27.20	$58.40
2-Wire ADSL/HDSL	$18.00	$55.20	$17.00	$44.80	$17.00	$25.80	$17.00	$58.40
4-Wire HDSL	$28.80	$55.20	$27.20	$44.80	$27.20	$25.80	$27.20	$58.40
2-Wire ISDN Digital	$28.80	$55.20	$27.20	$44.80	$27.20	$26.00	$27.20	$58.40
Cross-Connects								
2-Wire Analog	$0.30	$18.40	$0.30	$15.20	$0.30	$12.60	$0.30	$16.00
4-Wire Analog	$0.50	$16.40	$0.50	$15.20	$0.50	$12.60	$0.50	$16.00
Loop Channelization								
Equipment	$400.00	$525.00	$400.00	$525.00	$400.00	$525.00	$400.00	$525.00
Per Line	$1.15	$8.00	$1.15	$8.00	$1.15	$6.00	$1.16	$6.00

* These rates reflect 80% of the Business Service Connection Charge. If the Business Service Connection Charge is modified, this rate will become 80% of the revised rate.

** In the event that an unbundled loop ordered by ACSI is part of an Integrated Digital Loop Carrier (IDLC) system, the loop will be unbundled from the IDLC and provided to ACSI in accordance with the corresponding rates specified above.

ATTACHMENT C-2

States:	Louisiana		Mississippi		North Carolina		South Carolina	
Rate Elements	Monthly	Nonrecurring *	Monthly	Nonrecurring *	Monthly	Nonrecurring *	Monthly	Nonrecurring *
Unbundled Exchange Access Loop **								
2-Wire Analog	$17.00	$68.00	$22.00	$53.36	$17.00	$33.00	$18.00	$51.20
4-Wire Analog	$27.20	$68.00	$35.20	$53.36	$27.20	$33.00	$28.80	$51.20
2-Wire ADSL/HDSL	$17.00	$68.00	$22.00	$53.36	$17.00	$33.00	$18.00	$51.20
4-Wire HDSL	$27.20	$68.00	$35.20	$53.36	$27.20	$33.00	$28.80	$51.20
2-Wire ISDN Digital	$27.20	$68.00	$35.20	$53.36	$27.20	$33.00	$28.80	$51.20
Cross-Connects								
2-Wire Analog	$0.30	$20.80	$0.30	$13.00	$0.30	$11.60	$0.30	$8.00
4-Wire Analog	$0.50	$20.80	$0.50	$13.00	$0.50	$11.60	$0.50	$8.00
Loop Channelization								
Equipment	$400.00	$525.00	$400.00	$525.00	$400.00	$525.00	$400.00	$525.00
Per Line	$1.15	$8.00	$1.15	$8.00	$1.15	$8.00	$1.15	$8.00

* These rates reflect 80% of the Business Service Connection Charge. If the Business Service Connection Charge is modified, this rate will become 80% of the revised rate.

** In the event that an unbundled loop ordered by ACSI is part of an Integrated Digital Loop Carrier (IDLC) system, the loop will be unbundled from the IDLC and provided to ACSI in accordance with the corresponding rates specified above.

ATTACHMENT C-2

States: Tennessee

Rate Elements	Monthly	Nonrecurring *
Unbundled Exchange Access Loop **		
2-Wire Analog	$18.00	$46.80
4-Wire Analog	$28.80	$46.80
2-Wire ADSL/HDSL	$18.00	$46.80
4-Wire HDSL	$28.80	$46.80
2-Wire ISDN Digital	$28.80	$46.80
Cross-Connects		
2-Wire Analog	$0.30	$19.20
4-Wire Analog	$0.60	$19.20
Loop Channelization		
Equipment	$400.00	$525.00
Per Line	$1.15	$8.00

* These rates reflect 80% of the Business Service Connection Charge. If the Business Service Connection Charge is modified, this rate will become 80% of the revised rate.

** In the event that an unbundled loop ordered by ACSI is part of an Integrated Digital Loop Carrier (IDLC) system, the loop will be unbundled from the IDLC and provided to ACSI in accordance with the corresponding rates specified above.

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